



Governor Janice K. Brewer



Director Gilbert M. Orrantia

# **Arizona Department of Homeland Security 2011 HSGP, UASI, CCP and MMRS Grants Management Presentation**

# SAA Introduction

The AZDOHS is the Arizona State Administrative Agency and is responsible for the overall management of several grant programs provided by the U.S. Department of Homeland Security.

As a part of the overall responsibility of managing these grants, the department is responsible for following Federal grant guidance, Code of Federal Regulations (CFR's), Office of Management and Budget (OMB) guidelines and State of Arizona regulations.

# Federal and State Regulations Regarding Grants Management

This presentation pertains to the following State Homeland Security Suite of Grants:

- Homeland Security Grant Program
- Urban Area Security Initiative
- Citizen Corps Program
- Metropolitan Medical Response System

Rules that govern these grants (in order) are:

- U.S. Constitution
- Federal law (statutes)
- OMB Circulars and Code of Federal Regulations (CFRs)
- Grant Guidance
- Grant Agreement
  - The State of Arizona (and therefore the AZDOHS) may impose requirements that are more restrictive than any of the above
    - An example is lodging and per diem rates
      - (Arizona State Accounting Manual Section II-M; Page 12; #8)

# Federal and State Regulations Regarding Grants Management

- Federal guidelines to consider:

- Grant Guidance

- DHS Financial Guide:

- [http://www.dhs.gov/xlibrary/assets/Grants\\_FinancialManagementGuide.pdf](http://www.dhs.gov/xlibrary/assets/Grants_FinancialManagementGuide.pdf)

- 44 CFR Chapter 1: Emergency Management and Assistance

- [http://www.access.gpo.gov/nara/cfr/waisidx\\_07/44cfrv1\\_07.html](http://www.access.gpo.gov/nara/cfr/waisidx_07/44cfrv1_07.html)

- 2 CFR 225 Cost Principles for State, Local and Indian Tribal Governments:

- [http://www.access.gpo.gov/nara/cfr/waisidx\\_07/2cfr225\\_07.html](http://www.access.gpo.gov/nara/cfr/waisidx_07/2cfr225_07.html)

- 44 CFR Part 13, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Units of Government:

- [http://149.168.212.15/mitigation/Library/44\\_CFR-Part\\_13.pdf](http://149.168.212.15/mitigation/Library/44_CFR-Part_13.pdf)

- U.S. Department of Homeland Security Authorized Equipment List (AEL):

- <https://www.rkb.mipt.org/ael.cfm>

- State guidelines to consider:

- Subgrantee Agreement

- State of Arizona Accounting Manual

- <http://www.gao.az.gov/publications/SAAM/>



# Information Gathered During Application Process

The AZDOHS is required to report on detailed information about the applicants organization, such as:

- Employer Identification Number
- Amount of Federal expenditures
- Audit information
- The organizations financial and accounting systems

Is the organization equipped to handle Federal funds?

- The Federal government requires that any organization receiving Federal funds shall maintain adequate business systems to address:
  - Financial Management
  - Procurement
  - Personnel
  - Property
  - Travel

# Information Gathered During Application Process

New Federal requirement: **Federal Funding Accountability and Transparency Act (FFATA)**

- The AZDOHS must collect a Data Universal Numbering System (DUNS) number from stakeholders
- Go to **<http://fedgov.dnb.com/webform>** in order to obtain a DUNS number if your organization does not already have one
- The FFATA requires organizations receiving 80% of its annual gross revenue from Federal sources **and** \$25 million in Federal funds within its most recent fiscal year to provide the compensation of the top five paid executives within the organization.
  - We don't expect many stakeholders will fall into this category
- Awards cannot be made to organizations that meet the above criteria but have not provided the information

# AZDOHS Responsibilities

The AZDOHS has specific responsibilities governed by grant guidance and OMB circulars. Some of those responsibilities include:

- Obligate funds to stakeholders within the specified amount of time according to grant guidance
- Report on all grant funds awarded and expended quarterly and bi-annually including specific descriptions of all projects
- Inform stakeholders of CFDA numbers when making awards
- Advise stakeholders of requirements imposed on them by Federal laws, regulations and provisions of grant agreements
- Monitor stakeholders to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts, and that performance goals are achieved

# AZDOHS Responsibilities Continued

- Ensure that stakeholders expending over \$500,000 in Federal awards during their fiscal year have met the audit requirement
- Issue management decisions on audit findings and ensure that there is adequate corrective action
- Require stakeholders to allow the AZDOHS and outside auditors access to records and financial statements
- Process reimbursements and respond to stakeholder inquiries in a timely fashion
- Work closely with Stakeholders to find solutions to problems
- Comply with Federal and State rules and regulations as they pertain to the management of Federal grants



# Stakeholder Responsibilities

Stakeholder responsibilities:

- Compliance with the Subgrantee Agreement
- Complying with OMB circulars and Code of Federal Regulations (CFRs)
- Expending funds timely and in the manner in which they were awarded
- Completing an audit by an independent audit agency if expending more than \$500,000 in the most recent fiscal year and submitting a copy of that audit within nine (9) months of the end of the fiscal year
- Accounts must be established to identify Federal funds separately from all other funds
  - Each Federal funding source must be identifiable separately from each other funding source including other Federal sources
- Submitting quarterly reports and other required documentation on time

# Stakeholder Responsibilities Continued

- Submitting for reimbursements by project monthly or quarterly
  - Submitting final reimbursements no later than 45 days after the end of the performance period established in the Subgrantee Agreement
- Goods and services must be received and invoiced for expenditures prior to the end of the subgrantee performance period
- Ensure that there are systems in place to properly account for Federal funds
  - Must have records and or documentation which support the entry and can be readily located
- Be able to provide accurate and current financial reporting information to grant funders and auditors
- Maintain equipment and use for the intended purpose

# Stakeholder Responsibilities Continued

- Ensure that there are proper systems in place to ensure accurate policies, procedures and records for:
  - Accounting
  - Procurement
  - Personnel
  - Property management
  - Travel

# AZDOHS Finance and Administration

## Priority:

- Process reimbursements timely and make payments to stakeholders in an acceptable amount of time
- Reimbursement request forms are generated and submitted to stakeholders in an Excel format via email
- Each agency, depending on its regional location within the State is assigned a fiscal contact at the AZDOHS
  - The fiscal contact processes reimbursements and handles any other fiscal matters including collection and review of audits and answering fiscal and grant management questions from stakeholders



# Finance and Administration Continued

Regional and State Agency Fiscal contacts are as follows:

- Kevin Guimond-State Agencies (inclusive of all funding sources)
  - [kguimond@azdohs.gov](mailto:kguimond@azdohs.gov) (602-542-1716)
- Lois George-Central and East
  - [lgeorge@azdohs.gov](mailto:lgeorge@azdohs.gov) (602-542-7047)
- Jessica Thiers-North and West
  - [jthiers@azdohs.gov](mailto:jthiers@azdohs.gov) (602-542-7037)
- Christina Ambroult-South and Stonegarden
  - [cambrout@azdohs.gov](mailto:cambrout@azdohs.gov) (602-542-7036)

# Costs Principles

- 2 CFR 225; Cost Principles for State, Local and Indian Tribal Governments (formerly OMB Circular A-87)
  - Establishes principles and standards for determining the allowability of costs for Federal awards
- When seeking guidance on whether a cost is allowable to a Federal grant (not withstanding grant guidance and State guidelines), research the circular
- ***Please remember, that although a cost may be allowable per the circular, the Subgrantee Agreement and State rules will supersede where more strict***
- Stakeholders must also remember that only expenses for goods or services which were awarded will be eligible for reimbursement
  - Furthermore, the DHS Financial Guide is yet another very helpful publication because it applies more specifically to the grants we manage.
    - [http://www.dhs.gov/xlibrary/assets/Grants\\_FinancialManagementGuide.pdf](http://www.dhs.gov/xlibrary/assets/Grants_FinancialManagementGuide.pdf)

# Administrative Requirements

44 CFR Part 13: Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments:

- [http://149.168.212.15/mitigation/Library/44\\_CFR-Part\\_13.pdf](http://149.168.212.15/mitigation/Library/44_CFR-Part_13.pdf)

Become familiar with these requirements

# Reimbursement Request Instructions

- Following the reimbursement instructions provided on our website will help to ensure that requests are processed in the shortest amount of time

•**<http://www.azdohs.gov/Documents/Grants/ReimbReqInfoInstruct.pdf>**

Some highlights on Reimbursements:

- 2010 reimbursements (including 2008-2009 projects which were modified or extended after January 1, 2011) must include two signatures on reimbursement requests:
  - Preparer
  - Authorized official
- Only expend funds on goods and services which were authorized under the award letter and subgrantee agreement
- Reimbursements must be mailed to the AZDOHS and not emailed or faxed



# Reimbursement Request Instructions Continued

- Submit requests for only one project within a reimbursement package
  - Reimbursements which include multiple projects will be returned to sender for separation and resubmission
  - Copies of invoices and proof of payment
  - Time and Effort reports for M&A and personnel expenses
  - Payroll record documentation
  - Submit monthly or quarterly
  - Categorize reimbursement packets into the POETE model:
    - Planning
    - Organization
    - Equipment
    - Training
    - Exercise

# Reimbursement Request Instructions Continued

- Make necessary adjustments for per diem and lodging expenditures. Always use the state rates which can be found at: <http://www.gao.az.gov/publications/SAAM/Supp I trvrates-012308.pdf>
  - Reimbursements which use other than State rates will be returned for necessary adjustments
- For training and exercise expenditures, provide an agenda, duration, location and number of participants
- All required documentation (including supporting documentation, Quarterly Programmatic Reports and A-133 audits) must be current in order to be eligible for reimbursement

# Reimbursement Request Process

AZDOHS receives and logs reimbursement request



Compliance Auditor reviews receipts to ensure proper AEL compliance



Planner reviews and ensures request is within the scope of approved budget



Finance reviews and enters request into system



Request is submitted to accounting for Federal drawdown via wire transfer (2x/month)



Funds are received by the Arizona State Treasurer's Office and warrants are produced



If stakeholder is set-up for automated payments, the payment will be deposited, otherwise AZDOHS will mail warrants.



To receive payments automatically visit: [http://www.gao.az.gov/vendor/payment\\_options\\_home.asp](http://www.gao.az.gov/vendor/payment_options_home.asp).  
Make sure to submit originals to the General Accounting Office and not AZDOHS

# Budget Management

The AZDOHS allows for certain budget modifications :

- Stakeholders may expend funds by up to 10% or \$25,000, whichever is less, in excess of the total award amount in an approved budget category(s) without a modification request as long as the agency under expends another budgeted category(s) by a corresponding and equal amount
- When the cumulative changes exceed 10% or \$25,000, whichever is less, of the total award amount, or changes the scope of the project, prior approval is required
- This rule applies to all awards, regardless of the award amount
- Modifications are not a guarantee
- Management and Administration (M&A) expenditures do not qualify
  - Stakeholders may not exceed the amount awarded for M&A***



# Budget Management Continued

- Equipment items, which are not included in the original budget, will be denied (A modification must be completed and approved by the RAC, UASI working group, etc.)
- Reimbursements will be denied for any equipment which in the number purchased is in excess of what was awarded
- Once the scope of work has been completed, any funds remaining must be returned to the AZDOHS for re-allocation
- Instructions for Budget Modifications can be found at:
  - <http://www.azdohs.gov/Documents/Grants/AZDOHSModificationRequestForm.xls>

# Examples of Budget Modifications

Budget Category/Line item detail

	Budget	Expended	Remaining
Equipment/11XX-01-INGH	\$100,000	\$118,000	(\$18,000)
Equipment/12XX-03-SHNG	\$45,000	\$50,000	(\$5,000)
Equipment/43LJ-08-LLHG	\$75,000	\$82,000	(\$7,000)
Planning/Planning	\$30,000	\$2,000	\$28,000
M&A/M&A	<u>\$7,500</u>	<u>\$4,000</u>	<u>\$3,500</u>
Total	\$257,500	\$256,000	\$1,500

Total budget \$257,500...10%=\$25,750. In this instance the total expenditures in equipment total \$30,000 which is equivalent to 11.6% of the total award and thus, a budget modification ***WILL BE NECESSARY***.

# Examples Continued

Budget Category/Line item detail

	Budget	Expended	Remaining
Equipment/11XX-01-INGH	\$100,000	\$110,000	(\$10,000)
Equipment/12XX-03-SHNG	\$45,000	\$50,000	(\$5,000)
Equipment/43LJ-08-LLHG	\$75,000	\$82,000	(\$7,000)
Planning/Planning	\$30,000	\$5,000	\$25,000
M&A/M&A	<u>\$7,500</u>	<u>\$4,000</u>	<u>\$3,500</u>
Total	\$257,500	\$251,000	\$6,500

Total budget \$257,500...10%=\$25,750. In this instance the total expenditures in equipment total \$22,000 which is equivalent to 8% of the total award and thus, a budget modification ***IS NOT NECESSARY***.

# Examples Continued

Budget Category/Line item detail

	Budget	Expended	Remaining
Equipment/11XX-01-INGH	\$500,000	\$540,000	(\$40,000)
Equipment/12XX-03-SHNG	300,000	300,000	0
Equipment/43LJ-08-LLHG	100,000	100,000	0
Planning/Planning	150,000	110,000	40,000
M&A/M&A	<u>52,500</u>	<u>52,500</u>	<u>0</u>
Total	\$1,102,500	\$1,102,500	\$0

Total budget \$1,102,500...10%=\$110,250. In this instance the total overage in expenditures in equipment is only 4% of the total award, which is less than 10%; however, because total expenditures for equipment are \$940,000 and exceeded \$25,000, a modification ***WILL BE NECESSARY***.



# Personnel Costs

- The AZDOHS will soon require Time and Effort (T&E) reports from stakeholders that charge personnel (other than overtime and backfill expenditures) to projects
  - 2 CFR 225 Appendix B
- An overview and presentation of the requirement will soon be posted on our website
- A standard T&E report to be submitted, which will also be made available on our website (Example below)

# Sample T/E Report

## SAMPLE WEEKLY TIME AND EFFORT REPORT

Pay Period:

1/1/2011-1/14/2011

Employee Name: Mike Smith

	Proj. No. (M&A, Planning or Organizational) or other activity	S	S	M	T	W	T	F	Total	S	S	M	T	W	T	F	Total	Grand Total
1	555111-01 M&A			2	3			5	10					1.5	2		3.5	13.5
2	555111-01 Planning								0								0	0
3	555111-01 Organizational								0								0	0
4	444101-01 M&A			2	3	4		3	12					3.5	1		4.5	16.5
5	444101-01 Planning								0								0	0
7	General fund			4	2	4			10				8		5		13	23
8	COPS grant								0					3			3	3
9	Vacation								0							8	8	8
10	Sick Time						8		8								0	8
11	Holiday								0			8					8	8
12									0								0	0
13									0								0	0
14									0								0	0
15									0								0	0
Daily Totals		0	0	8	8	8	8	8	40	0	0	8	8	8	8	8	40	80

Week One Total									40	Week Two Total									40	80
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I hereby certify that the above allocation of my time is accurate for the time period in which this report covers

I hereby certify that to the best of my knowledge and belief, the reported time allocation entered in this report is accurate and adheres to grant guidance.

Employee Signature:

Date:

Supervisor Approval

Date

# Allowable M&A Activities

Management and Administration (M&A) Activities (from 2010 SHSGP guidance)

- Hiring of full-or part-time staff or contractors/consultants to assist with the grant management requirements
- Overtime costs
- Authorized office equipment/supplies
- Travel
- Meeting related expenses

# Allowable M&A Activities Continued

- Recurring expenses such as those associated with cell phones and faxes during the period of performance of the grant program
- Leasing or renting space for personnel during the period of performance of the grant program



# Allowable Planning Activities

- Hiring of full-or part-time staff or contract/consultants to assist with planning activities (not for the purpose of hiring public safety personnel fulfilling traditional public safety duties)
- Developing hazard/threat-specific annexes that incorporate the range of prevention, protection, response, and recovery activities
- Developing and implementing homeland security support programs and adopting ongoing DHS national initiatives
- Developing related terrorism prevention activities
- Developing and enhancing plans and protocols
- Developing or conducting assessments

# Allowable Planning Activities Continued

- Conferences to facilitate planning activities
- Materials required to conduct planning activities Travel/per diem related to planning activities
- Overtime and backfill costs (in accordance with operational Cost Guidance)
- Other project areas with prior approval from FEMA

## EMPLOYEE RELATED EXPENSES:

Employee Related Expenses (ERE or Fringe Benefits) are allowable with a few exceptions:

- Fringe benefits for overtime and backfill are limited to FICA, Workers Compensation and Unemployment Compensation
- Fixed costs in which the agency is already paying (health care, dental care, Insurance, etc.) are not allowable costs for overtime and backfill

# M&A and Planning Expenditures Continued

The National Criminal Justice Administration has developed a tool kit, which gives further guidance on M&A and Planning costs. Visit this link to find out more:

- [http://www.ncja.org/NCJA/Education\\_and\\_Events/DHS\\_Technical\\_Assistance\\_Project/Grants\\_Management\\_Toolkit/NCJA/Navigation/EducationEvents/DHSTechnicalAssistanceProject/Sample\\_Grants\\_Manage.aspx?hkey=e6e479c1-7f9b-44f2-a226-06dbec54d6d0](http://www.ncja.org/NCJA/Education_and_Events/DHS_Technical_Assistance_Project/Grants_Management_Toolkit/NCJA/Navigation/EducationEvents/DHSTechnicalAssistanceProject/Sample_Grants_Manage.aspx?hkey=e6e479c1-7f9b-44f2-a226-06dbec54d6d0)

# M&A and Planning Restrictions

## Planning and M&A Restrictions:

- Supplanting is not permitted
- Indirect costs are not eligible for reimbursement
- Costs must be identified and approved in your grant application
- All expenditures must be reasonable, as deemed by AZDOHS
- Pre-award costs are not allowable

## M&A Specific:

- Activities must be directly related to the Management and Administration of the grant, not the project the grant supports. Example: Preparing a bid solicitation is not an M&A reimbursable cost



# Extensions

- All extension requests must be submitted to the AZDOHS at least 30 calendar days prior to the end of the performance period (as is stated in the Subgrantee Agreement)
- Projects may be extended up to 12 months
- Authorization up to 90 days is at the discretion of the AZDOHS
- Anything past 90 days will require a recommendation by the RAC or UASI working group
- Extensions for projects which lack any required documentation (Quarterly Programmatic Reports, NIMSCAST paperwork, A-133 audits) will not be processed until all issues are resolved
- Instructions can be found at:
  - <http://www.azdohs.gov/Documents/Grants/AZDOHSExtensionRequestForm.xls>

# Equipment

- The AZDOHS will only reimburse for equipment which has been awarded
- As stated above, each stakeholder will receive a reimbursement request form which is in direct correlation with the equipment that has been approved
- Stakeholders are required to keep good property control. That is, effective control and accountability must be maintained for all property. Stakeholders must ensure that the equipment is being maintained and safeguarded and used solely for the intended purpose
- Property Control Record Forms are required to be submitted to the AZDOHS prior to a site visit and updated (if necessary) and submitted at the time when the final request for reimbursement is submitted. This list shall contain any item which has a per unit cost of \$300 or more
- All equipment must be marked:
  - <http://www.azdohs.gov/Documents/Grants/FFY2009/FactSheetEquipmentMarking.pdf>

# Disposition

Disposition:

- The AZDOHS is currently working on a new disposition policy to be rolled out in the upcoming months; so for now, as is stated in the Subgrantee Agreement, contact our office for disposition instructions in regards to equipment

# Records Retention

- With the exception of equipment records\*, all grant records, including financials, contracts (including Memorandums Of Understanding, Interagency Service Agreements, Requests for Quotation) shall be maintained for at least six years upon receiving notification by the AZDOHS that the six year schedule has begun
  - Stakeholders will be notified in writing
  - If your agency has stricter rules on records retention, follow them
- \*Equipment records (Property Control Record Forms) shall be maintained for the life of the equipment
  - This will be explained in more detail when the disposition policy is rolled out in the upcoming months
- Feel free to visit the AZ. State Library, Archives and Public Records website:
  - [http://www.lib.az.us/records/schedules\\_and\\_manuals.aspx](http://www.lib.az.us/records/schedules_and_manuals.aspx)



The background of the slide is a blurred image of the United States flag, showing the stars and stripes in a soft, out-of-focus manner.

# Questions?